AMENDING ORDINANCE NO. 105-64, AS AMENDED MOST RECENTLY BY ORDINANCE NO. 42-97, BY AMENDING SECTION 25 REGARDING GRANTEE'S REBUILD OF THE SAN FRANCISCO CABLE SYSTEM, BY ADDING SECTIONS 25.1 THROUGH 25.5 REGARDING GRANTEE'S OBLIGATIONS TO PROVIDE OPEN ACCESS TO ITS CABLE MODEM PLATFORM, TO LIMIT REBUILD RATE INCREASES, TO PROVIDE CABLE MODEM SERVICE TO LIBRARIES, TO PROVIDE A SUBSCRIBER BENEFIT DURING THE REBUILD, AND TO CONSTRUCT THE REBUILT SYSTEM IN COMPLIANCE WITH FEDERAL, STATE, AND LOCAL REQUIREMENTS, BY ADDING SECTION 32.12(e) REGARDING GRANTEE'S OBLIGATION TO PAY FRANCHISE FEES ON CABLE MODEM SERVICES, BY AMENDING SECTION 24(a)(ii) REGARDING GRANTEE'S OBLIGATION TO WIRE CERTAIN BUILDINGS, BY AMENDING SECTIONS 27.1 THROUGH 27.3 REGARDING GRANTEE'S TRANSFER OF MANAGEMENT AND CONTROL OF THE PUBLIC ACCESS STATION TO THE COMMUNITY TELEVISION CORPORATION, BY AMENDING SECTION 30 REGARDING SUBSCRIBER PASSTHROUGHS, BY AMENDING SECTION 31(a) AND DEFINITIONS IN SECTIONS 32.10, AND 32.18, AND BY ADDING SECTIONS 31(i), 31(j), 32.22, 32.23, AND 32.24 TO FURTHER CLARIFY GRANTEE'S OBLIGATIONS UNDER THE FRANCHISE.

Note: Additions are underlined; deletions are in ((double parentheses)).

Be it ordained by the People of the City and County of San Francisco:

Section 1. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by amending Section 25 as follows:

SECTION 25. Rebuild of Cable System

(a) ((The Grantee informs the City that it has begun to rebuild the Cable System in the Rebuild Hub Service Areas designated in Appendix E.)) The Grantee shall complete a
Rebuild of the San Francisco Cable System in all of the Rebuild Hub Service Areas designated in Appendix E within 48 months of the Effective Date of the Rebuild Ordinance. The Rebuilt System shall have a minimum bandwidth of 750 MHz on all active and passive components, shall provide activated two-way capability, and shall be Comparable to cable systems constructed in similarly situated cities, as set forth in Section 32.24 herein. These specifications for the Rebuilt System shall replace “system requirements” set forth in Section 2(a)(1) herein. The Grantee shall (be entitled to) use the Rebuilt System to (make) provide Upgraded Services (available) to Subscribers on a node-by-node basis as soon as possible. Provided, however that if the Grantee does not complete the Rebuilt System and offer Upgraded Services to all Subscribers within the Required Service Area within a reasonable period of time, Grantee shall cease providing Upgraded Services to any Subscriber within the geographic boundaries of the City and County of San Francisco. The need to construct and deploy new facilities, the availability of routes, impediments to construction, delays in receiving required permits, and occurrences beyond the foreseeable control of the Grantee shall be considered in determining the reasonableness of the time necessary to offer Upgraded Services to all Subscribers. The Grantee understands and agrees that time is of the essence with regard to the commitments contained within the Rebuild Ordinance.

(b) Within thirty (30) days of (On or before) September 1 and March 1 in each year prior to completion of the Rebuilt System, the Grantee shall file a “Rebuild Progress Report” with the (Board) Department of Telecommunications and Information Services (“DTIS”). The Rebuild Progress Report shall include a map in a form agreed to by the City and Grantee identifying the boundaries of all areas (i) in which a node has been activated to provide Upgraded Services to date, and (ii) in which a node was activated to provide Upgraded Services within the previous six months, and (iii) in which a node is expected to be activated to provide Upgraded Services within the subsequent six month period, as well as the number of

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of homes passed, or expected to be passed by the Rebuilt System with respect to each of the
above areas. A node shall be considered activated when it is used to offer Upgraded
Services to any Subscriber on a commercial basis.

(c) The Grantee will make diligent efforts to identify a hub location in Rebuild Hub
Service Area 5, as identified in Appendix E. The Grantee shall notify the City of the status of
these efforts within ((6 months after the Date of the Franchise Amendments)) nine (9) months
of the Effective Date of the Rebuild Ordinance. If the Grantee reports that it has been able to
identify a hub location within Rebuild Hub Service Area 5, ((and if the Grantee is continuing
coloration to complete a Rebuilt System,)) the Grantee agrees, at the election of the City by
written notice within 30 days after receipt of Grantee’s notice, to undertake Rebuild
coloration in Rebuild Hub Service Area 5 prior to undertaking Rebuild construction in
Rebuild Hub Service Area 4, as these areas are identified in Appendix E.

(d) The Grantee shall not deny any services, including any Upgraded Services, to any
group of potential Subscribers because of the income of the residents in the local area in
which such group resides.

(e) The Grantee shall inform Subscribers at least three (3) days prior to any scheduled or expected temporary interruptions to existing services exceeding five minutes during the period of 5:30 a.m. to 1:00 a.m. Pacific Time which may occur due to construction under the Rebuild Ordinance.

(f) The Grantee shall not be excused from the timely performance of its obligation to begin and complete construction of the Rebuilt System and provide Comparable Upgraded Services within the times specified herein, except for the following occurrences: (i) force majeure delays beyond the control of the Grantee including, without limitation, wars, civil disturbance, flood or other Acts of God, laws, regulations, rules or orders of any governmental agency, sabotage, strikes, failure or delay in transportation, labor, provided that Grantee has
exercised all due care to prevent the occurrence of such events which are reasonably foreseeable; or (ii) delays beyond the control of the Grantee that the Grantee could not reasonably have anticipated, including delays regarding the availability, shipment and arrival of necessary equipment, cables, electronics or hardware, protracted underground excavation, easement availability, receipt of City permits, compliance with the City's joint trenching requirements, receiving approved pole applications in a timely manner, or any other valid factors that are justified in writing to the City and agreed to by the City. Absent a showing of excusable delay pursuant to subsections (i) and (ii) above, should the Grantee be unable to demonstrate that it has materially complied with the commencement or timely completion of construction of the Rebuilt System within the times specified herein, or be unable to reasonably justify any delays, then the Grantee shall be in violation of a material provision of the Franchise, as amended, and the City may, at its sole discretion, either grant the Grantee an extension of time to complete such construction by ordinance of the Board and/or pursue any remedies available under United States or California law, or provided in the Franchise, as amended.

The City's receipt and/or review of a Rebuild Progress Report shall in no way excuse or waive any breach of the Franchise, as amended, or other applicable law.

(g) Within ninety (90) days of submission of a Rebuild Progress Report demonstrating that Upgraded Services are available to a majority of homes passed within any Rebuild Hub Service Area, Grantee shall, at its own cost and expense, and under the City's supervision, conduct the following proof-of-performance tests ("Tests") at fifteen (15) Subscriber network distribution locations selected by the City and not disclosed to Grantee until the day of the Tests:

1. Visual carrier levels on each activated Channel;
2. Aural carrier levels on each activated Channel;
3. The calculated difference between the visual and aural carrier levels on each activated Channel;

4. Adjacent Channel video difference on activated Channels;

5. The difference between the highest video carrier level on any activated Channel and the lowest video carrier level on any activated Channel;

6. Carrier-to-noise ratio on 6 Channels selected by City;

7. Low frequency distortions on 6 Channels selected by City;

8. Intermodulation distortions on 6 Channels selected by City; and

9. Expert rating of picture distortions, if any, on all activated Channels.

Prior to the Tests, Grantee shall take the following measurements at its headend, under the City's supervision: (i) video carrier levels and picture quality on all Channels leaving the headend; (ii) audio carrier levels on all Channels leaving the headend; and (iii) FM radio carrier levels, if any. Additionally, prior to the Tests, Grantee shall present the City with copies of current calibration certificates issued by an independent calibration laboratory for all frequency/voltage sensitive equipment that will be used in the Tests.

Within ninety (90) days after notification to City by Grantee that it has completed the Rebuild, Grantee shall conduct the Tests under the conditions described above in forty (40) locations selected by the City from the remaining untested Rebuild Hub Service Areas. At that time, Grantee shall also demonstrate to City that the Rebuilt System complies with the FCC signal leakage requirements of 47 CFR Part 76, Subpart K, pursuant to a driving inspection of no less than twenty (20) percent of the Rebuilt System.

Grantee shall reimburse the City for the City's reasonable costs to supervise the Tests, not to exceed ten thousand dollars ($10,000).

(h) Grantee warrants and represents that it will diligently comply in good faith with all of the provisions of the Rebuild Ordinance.
Section 2. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by adding Section 25.1 to read as follows:

Section 25.1 NONDISCRIMINATORY ACCESS TO BROADBAND INTERNET ACCESS TRANSPORT SERVICES

(a) Unless restricted by preemptive Federal or State law, the City may impose a requirement that the Grantee shall provide non-discriminatory access to its cable modem platform to providers of Internet access services, whether or not such providers are affiliated with Grantee, upon any of the following conditions:

(1) If, by final order or judgment, a court upholds or affirms the authority of any local government to require a cable operator to provide nondiscriminatory access to its cable modem platform to providers of Internet access services and the City otherwise meets the legal and procedural prerequisites for the imposition of an access requirement. For the purposes of this section, an order or judgment shall be considered final when a court of competent jurisdiction lets stand or affirms such order or judgment has passed. Prior to the enactment or enforcement of any such requirement, Grantee shall be provided with reasonable notice and an opportunity to be heard, including the right to present evidence on any findings made or required to be made by the City.

(2) Should AT&T or TCI or their wholly-owned subsidiaries enter into an agreement with a franchising authority that requires nondiscriminatory access to its cable modem platform for providers of Internet access services, provided that any requirement by the City would be subject to equivalent terms and conditions.

(b) AT&T will make high speed Internet access available (at speeds exceeding 200 Kbps) for any Subscriber in the Service Area who is unable to obtain high speed Internet access from another provider (i.e., DSL, Satellite, wireless). AT&T agrees to develop a cost-
competitive policy for such Subscribers to minimize or eliminate any additional cost to the consumer of connection to the Internet service provider of their choice so as to meet the standard price of receiving both comparable transport and content from a competing high-speed Internet access service.

(c) Grantee agrees that Subscribers to its Excite@Home content-enhanced cable modem service shall have access to all content or services generally available to the public on the Internet and shall be able to connect to online service providers, portals and other Internet sites, including the sites of other Internet service providers, without having to view the Excite@Home proprietary content if they so desire.

(d) Notwithstanding the foregoing, nothing in this Franchise, nor the City's failure to require open, nondiscriminatory access as a condition of approval of the Resolution Approving Transfer of Control of the Grantee from TCI to AT&T adopted by the Board of Supervisors in File No. 990375 shall prohibit or restrict the City's authority to impose such a requirement on Grantee pursuant to any lawful authority and in accordance with any procedural requirements that may be applicable.

Section 3. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by adding Section 25.2 to read as follows:

SECTION 25.2 LIMITATION ON REBUILD RATE INCREASES

(a) Grantee shall not, under any circumstances, recover from Subscribers the costs of any repairs to bring the Rebuilt System into compliance with lawful Federal, State, and local construction requirements as set forth in Sections 25.5 and 31(j) herein.

(b) Regardless of whether the City initiates rate regulation, Grantee shall not increase rates to recover Rebuild costs ("Rebuild Rate Increase") except as provided in this Section.

Grantee may not institute a Rebuild Rate Increase for the Basic Service tier (as defined in 47 C.F.R. Section 76.901(a)) for any Subscriber until activation of the node serving that
Subscriber and provision of Upgraded Services to that Subscriber. Grantee shall notify the
City thirty (30) days before instituting any proposed Rebuild Rate Increase unless Federal
rules provide for a longer notice period, in which case, the Federal rules shall apply.

Section 4. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
is hereby amended by adding Section 25.3 to read as follows:

SECTION 25.3 CABLE MODEM SERVICE TO LIBRARIES

(a) Grantee shall deliver @Home residential Internet service (or any successor
residential Internet access service) ("@Home") at Grantee's sole cost and expense to sixty
(60) Libraries designated by the Director of the Department of Telecommunications and
Information Services ("DTIS Director"); provided however that Grantee shall have no
obligation to deliver service under this section to more than ten (10) Libraries that are not
already wired to receive Cable Service and each of those ten (10) Libraries shall have an
exterior wall located within 150 feet of existing cable distribution plant. Additionally, Grantee
shall have no obligation to provide @Home service to a particular Library location until ninety
(90) Days after the date Grantee offers its @Home services on a commercial basis from an
activated node capable of serving that location.

(b) The Grantee's @Home service to Libraries shall include, at Grantee's sole cost
and expense, reasonable interior wiring at the ten (10) non-wired locations and up to thirty
(30) feet of additional interior wiring at all other locations, the use of a cable modem, and any
other equipment provided by Grantee to its @Home customers that is necessary to receive
@Home service, but shall not include personal computers or work stations. @Home service
provided to Libraries shall not be used for any commercial purpose.

(c) "Library" shall mean (i) any branch location of the San Francisco Public Library; (ii)
any library within a public primary, secondary or post-secondary educational institution; and
(iii) a digital library, computer center or other similar common use area within any facility

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operated by a non-profit corporation that receives Federal, State or local funding to provide
housing or related services to low income San Francisco residents.

Section 5. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
is hereby amended by adding Section 25.4 to read as follows:

Section 25.4 SUBSCRIBER BENEFIT DURING THE REBUILD

As a benefit to Subscribers who will not realize the benefits of the Rebuild for several
years, within four (4) years of the Effective Date of the Rebuild Ordinance, Grantee shall
provide to every then current Subscriber household four (4) coupons, each of which can be
submitted by the Subscriber as payment in full for one (1) "Pay Per View" movie. Each
coupon shall be valid for six (6) months and shall be non-transferable. The language of any
billing message or bill insert accompanying the coupons shall be approved by DTIS.

Section 6. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
is hereby amended by adding Section 25.5 to read as follows:

SECTION 25.5 TECHNICAL UPGRADE OF CABLE FACILITIES

(a) Multiple Dwelling Units: During the term of the Rebuild, Grantee shall inspect and
repair the cable facilities at every multiple dwelling unit (a building with ten (10) or more
residential units) ("MDUs") in the Required Service Area of the City so that they comply with
the requirements of Section 31(j) herein. Each Rebuild Progress Report shall include a
complete list, by street address, of every MDU inspected within the previous six (6) months.
Grantee shall certify in the Rebuild Progress Report that the cable drop serving each listed
MDU is in compliance with all lawful Federal, State, and local construction requirements
pursuant to Section 31(j) herein. Such certification shall be made in writing by a supervisor
employed by Grantee with specific knowledge of the compliance of the Rebuilt System with
lawful Federal, State, and local construction requirements. The first Rebuild Progress Report
shall certify no less than one hundred (100) MDUs. All subsequent Rebuild Progress Reports shall certify no less than three hundred (300) MDUs each.

(b) Maintenance of Cable System: Any time Grantee performs work at a Subscriber location including, but not limited to, an upgrade, a downgrade, a service call, a connection or a reconnection ("Subscriber Service"), Grantee shall inspect the facilities serving the location and perform any maintenance or upgrade required to bring the facilities into compliance with all applicable and lawful Federal, State, and local construction requirements. Grantee shall provide to the Director of the Department of Building Inspection ("DBI Director"), in a form acceptable to the DBI Director, on a monthly basis, a complete list, by street address, of every Subscriber location at which Subscriber Service was performed in the prior month. Such list shall contain a minimum of 4,000 active Subscriber locations.

(c) Repair of Cable Drops Necessitated By Electrical Upgrades: Grantee shall inspect and repair every cable drop and associated facility whose compliance with the Municipal Code appears to be affected by an electrical service upgrade within thirty (30) Days of receiving a report of the street address from DBI.

(d) Independent Evaluator: Prior to submission of the first Rebuild Progress Report, Grantee shall hire, at its sole cost and expense, an "Independent Evaluator" to inspect facilities and coordinate with Grantee to facilitate repairs pursuant to subsection (f) to ensure compliance with all applicable and lawful Federal, State, and local construction requirements. The Independent Evaluator shall be a qualified, California State licensed electrical engineer. Grantee's selection of the Independent Evaluator shall be approved in writing by the DBI Director. Such approval shall not be unreasonably withheld, provided that the Independent Evaluator shall not be a current or past employee or consultant of Grantee or an Affiliate of Grantee. Approval shall be automatic if the Independent Evaluator is selected from the list of...
"Electrical Testing Agencies" maintained by DBI. The Independent Evaluator shall work under the direction of the DBI Director or his or her designee.

(e) Inspection Locations: Inspection locations shall be selected by the DBI Director, or his or her designee, from the Subscriber locations identified pursuant to subsections (a), (b), and (c) herein, provided however that the Independent Evaluator shall inspect no more than 10% of the total active Subscriber locations in the City.

(f) Remedy of Violations: If the Independent Evaluator finds that any portion of the Grantee's facilities at the Subscriber locations are not in compliance pursuant to Section 31(j) herein, the Independent Evaluator shall report such finding to DBI and Grantee concurrently within fifteen (15) Days. DBI may issue a correction notice regarding the non-compliant facility to Grantee. Grantee shall have ten (10) Days from the date of receipt of the correction notice to bring the facility into compliance unless: 1) Grantee is unable to obtain access to the facility, in which case DBI shall provide Grantee an extension of up to thirty (30) Days; or 2) an emergency, as determined in the sole discretion of DBI, requires that such time be shortened.

(g) Penalties: In the event Grantee fails to bring any facility into compliance within the time provided pursuant to subsection (f) herein, DBI may issue a notice of violation to Grantee and shall deduct from the Deposit provided in subsection (h) herein a penalty of five hundred dollars ($500) per non-compliant facility. In the event Grantee fails to repair the violation within ten (10) Days of the notice of violation, Grantee shall be liable for an additional five hundred dollar ($500) penalty, which shall be deducted from the Deposit provided in Subsection (h) herein. Any penalties imposed pursuant to this subsection shall be deposited in the Building Inspection Fund described in Section 104.5 of the City's 1998 Building Code.

(h) Deposit: Within fifteen (15) Days of the Effective Date of the Rebuild Ordinance Grantee shall provide to the DTIS Director a seventy-five thousand dollar ($75,000) deposit to
guarantee Grantee’s faithful performance of the requirements of Sections 25.5 and 31(i) herein (“Deposit”). Grantee shall maintain the Deposit at this level until ninety (90) Days after notification to City by Grantee that the Rebuild is complete. The Deposit shall be held by the City’s Controller. Pursuant to the procedures set forth in City Administrative Code Sections 10.27-1 through 10.27-7, the Controller may offset from the Deposit all monies due the City under this Section, including, but not limited to, liquidated damages and penalties. Grantee shall redeposit monies within ten (10) days of such an offset to return the Deposit level to $75,000.

(i) Stay of Enforcement Action: In consideration of Grantee’s compliance with the obligations set forth in this Section, City shall refrain from pursuing any action against Grantee for any alleged violations of the City’s Electrical Code at multiple locations until the Rebuild is completed. However, nothing herein shall prevent the City from pursuing enforcement actions under the Municipal Code against Grantee for violations of lawful Federal, State, or local construction requirements at individual locations. If, at any time, Grantee fails to comply with any of the provisions set forth herein, City shall provide written notice to Grantee of such failure to comply and Grantee shall have thirty (30) Days to cure such failure (“Cure Period”). In the event that the failure is not cured to the City’s satisfaction within the Cure Period, the City may end its stay described above and pursue any remedies available to it in both law and equity, including, but not limited to, specific performance of this Section 25.5. Within six (6) months of the completion of the Rebuild, unless the DTIS and DBI Directors determine that Grantee has not complied with the provisions of this Section, the City shall provide Grantee a settlement and release of all claims and liabilities arising from a finding of non-compliance during the term of the Rebuild at any of the locations reported to the City pursuant to subsections (a) and (b) and reported to Grantee pursuant to subsection (c).
(j) Compensation for Costs: Grantee shall, within thirty (30) Days after the Effective Date of the Rebuild Ordinance, provide the City with twenty thousand dollars ($20,000) to cover the City’s costs to investigate and inspect potential Municipal Code violations.

(k) Billing Messages: At least twice each calendar year, Grantee shall include a billing message to Subscribers regarding how home repair work and other events can affect the safety of cable facilities at their homes and the quality of the cable signal delivered to their homes. The DTIS and DBI Directors shall approve any notice prior to distribution to Subscribers. The notice shall provide a Grantee contact number for Subscribers to request inspection and/or repair of facilities and, at DBI’s request, may include a DBI contact number.

Section 7. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by amending Section 24.1(a)(ii) to read as follows:

(ii) in each of the buildings identified in Appendix B, except Fort Funston, which shall be deleted from Appendix B, within 12 months after the Date of the Franchise Amendments and;

Section 8. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by amending Section 27.1(b)(v) to read as follows:

(v) Upon forty-five (45) Days notice from the City, the transmission of Public Access Channel access signals shall be moved from 1855 Folsom Street to either 25 Van Ness or 50 Oak Street, as designated by the DTIS Director, or an alternate location agreed upon by the parties. ((If the public access production facility is moved to a location other than 1855 Folsom Street, t)) The Grantee shall move, at no cost to the City, all equipment and facilities necessary to transmit programming upstream from the new location for distribution from the headend. However, if the designated new location is an alternate location, the equipment and facilities will be moved at Grantee’s sole cost and expense only so long as the new location can be reached by not more
than 8 blocks of aerial construction from 1855 Folsom Street, 1003 Turk Street, the
War Memorial Building or the New Main Library using existing utility poles.

Additionally, actual reasonable costs to the Grantee for labor and materials to provide
an activated return line from an alternate ((the new)) location shall not exceed $10,000.

Section 9. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
is hereby amended by adding Section 27.2(g) to read as follows:

(g) In lieu of the payments that would have been due the City but for the delay in the
transfer of control of PEG facilities to the City, within thirty (30) days after the Effective Date of
the Rebuild Ordinance, Grantee shall make a cash grant to the City in the amount of two
hundred and fifty thousand dollars ($250,000) to support the PEG Channels.

Section 10. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
is hereby amended by amending Section 27.3 to read as follows:

SECTION 27.3 TRANSFER OF CONTROL OVER PUBLIC ACCESS CHANNEL AND
PRODUCTION FACILITY

(a) On a date designated by resolution of the Board, but in no event later than October
1, 1999, the Grantee shall transfer management and control over the public access Channel
to the Community Television Corporation ("CTC"); provided, however, that after such transfer,
Grantee shall continue to provide upstream transmission of public access signals and the
current public access studio and control room for public access production at no cost to the
City or the CTC for rent, utilities, janitorial services, or security until March 1, 2000, or until
Grantee vacates all of its space at 1855 Folsom, whichever is later. ((and all facilities and
equipment used to support the public access Channel to a not-for-profit corporation
designated by the Board.)) The City shall provide Grantee thirty (30) Days' notice prior to the
transfer and the ((The)) Grantee shall cooperate with the City and the CTC ((not-for-profit
corporation)) to accomplish the transfer without interrupting programming on the Channel. ((If

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the City elects to have the public access production facility renovated and operated at 1855
Folsom Street, the City shall so notify Grantee 90 days prior to the commencement of such
renovation and operation, and the transfer of management and control of the public access
Channel and the facilities shall take place 90 days after notice; provided, however, that
Grantee shall cooperate with the City or its designee to maintain the continuity of
programming during any construction that may interfere with the use of the facility, including,
but not limited to providing tape and playback capability from another location and scrolling
information on the public access Channel. The Grantee shall have no responsibility for
leasing premises for a public access production facility after the date on which management
and control is transferred to a not-for-profit corporation.))
(b) Notwithstanding the deletions to ordinance number 528-88 made by the Franchise
Amendments, until the date designated by the Board for transfer of management and control
over the public access Channel pursuant to paragraph (a) above, the Grantee shall continue
to satisfy the obligations set forth in Ordinance Number 528-88 relating to the public access
Channel, including but not limited to the obligations set forth in Appendices 1 through 8
thereto; provided, however that prior to the transfer of control pursuant to Section 5.3, the
Grantee shall have no obligation to upgrade any public access production equipment. On the
Date of the Franchise Amendments, the Grantee shall immediately suspend charges, other
than deposits, for use of public access production facilities and equipment.
(c) Upon transfer of control of the public access Channel to the ((not-for-profit
corporation designated by the Board)) CTC, the Grantee shall deliver to the ((not-for-profit
corporation)) CTC the equipment in the existing public access facility identified in Appendix G,
and all additional equipment purchased by Grantee for Public Access production prior to
October 1, 1999.
(d) With the exception of the duties specified in subsection (a) of this Section, after transfer of management and control to the CTC (not-for-profit corporation), the Grantee's obligations with respect to the public access Channel shall be limited to the duties established in the Franchise Amendments and the Rebuild Ordinance.

Section 11. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by amending Section 30 to read as follows:

SECTION 30. BENEFITS NOT FRANCHISE FEES / LIMITATION ON SUBSCRIBER PASSTHROUGHS.

(a) The Grantee acknowledges that performance of the obligations set forth in this Franchise Agreement shall not in any way modify or affect the Grantee's obligations to pay franchise fees. Although the total sum of franchise fee payments and expenditures required to perform other obligations set forth in this Franchise Agreement may exceed five per cent of Grantee's gross revenues in any 12-month period, expenditures required to perform obligations under the Franchise Agreement shall not be offset or credited against any franchise fee payments due to the City during the term of this Franchise Agreement.

Grantee's acknowledgment in this subsection shall not extend to obligations imposed pursuant to Section 29.1 of the Franchise Amendments or otherwise after the Effective Date of the ((Franchise Amendments)) Rebuild Ordinance.

(b) The Grantee agrees that no expenditure or increase in expenditures required to perform any of the obligations set forth in the Franchise Amendments or the Rebuild Ordinance shall be itemized on Subscriber bills pursuant to section 622(c) of the Cable Act (47 U.S.C. 542(c)) with the exception of expenditures required pursuant to subsections (f) and (g) of Section 27.2. Grantee further agrees that no expenditures or increases in expenditures required to perform any of the obligations set forth in Sections 24 through 24.7; Sections 25.3 through 25.5; Section 26.1; subsection (a) of Section 27.1; subparagraphs (i),(ii),(v) and (vi) of...
subsection (b) of Section 27.1; subsections (a), (b), (c) and (d) of Section 27.2; Section 27.3;
Section 28, ((and)) Section 28.1, and Section 31(j) of the Franchise Agreement
((Amendments)) shall be passed through or charged to Subscribers in any form whatever.
Except as expressly provided to the contrary, nothing in this paragraph shall affect the
Grantee’s calculation of maximum permitted rates or the treatment of costs in such
calculations pursuant to federal law and rate regulations.

Section 12. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
is hereby amended by amending Section 31(a) to read as follows:

SECTION 31. MISCELLANEOUS PROVISIONS

(a) The City and the Grantee disagree over their relative rights and obligations under
certain provisions of this Franchise Agreement in light of changes in law subsequent to the
grant of the Franchise. The Grantee and the City agree that it is to their mutual benefit to
agree to the Franchise Amendments and the Rebuild Ordinance without resolving their
disagreements over the impact, if any, of changes in law between the date on which the
Franchise Agreement was originally adopted and the Date of the ((Franchise Amendments))
Rebuild Ordinance on their relative rights and obligations pursuant to the terms of the
Franchise as it existed prior to the adoption of the ((Franchise Amendments)) Rebuild
Ordinance. The City and the Grantee agree that neither of them shall rely on, nor shall any
court or administrative body consider, the execution and performance of the Franchise
Amendments or the Rebuild Ordinance, or the failure to modify any provision of the Franchise
Agreement in the Franchise Amendments or the Rebuild Ordinance, as a waiver of any claim
or defense arising from any change in law between the date on which the Franchise was
originally granted and the Date of the ((Franchise Amendments)) Rebuild Ordinance. Nothing
in this paragraph shall be construed to affect the Grantee’s agreement to faithfully perform all
the obligations undertaken in the Franchise Amendments and the Rebuild Ordinance.
Section 13. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by adding Sections 31(i) and 31(j) to read as follows:

(i) In the event of an irreconcilable conflict between the provisions of the Rebuild Ordinance and the Franchise as it existed prior to the amendments effected by the Rebuild Ordinance, the provisions and intent of the Rebuild Ordinance shall prevail.

(j) All portions of the Rebuilt System, including, but not limited to, headends, hub sites, weather heads, cable drops, overhead and underground trunk and distribution system cables, strand, guyng, anchoring, bonding, grounding, and workmanship shall be constructed to comply with all lawful Federal, State, and local construction requirements, including, but not limited to, the City's Municipal Code and California Public Utilities Commission General Orders 95 and 128, as amended.

Section 14. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by amending Section 32.10 to read as follows:

32.10 "Franchise Agreement" and "Franchise" shall mean all the terms of this franchise originally granted by Ordinance Number 105-64, as amended ((, including the Franchise Amendments, and all exhibits and appendices thereto)).

Section 15. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by adding Section 32.12(e) to read as follows:

(e) Grantee agrees that @Home residential Internet service (or any successor residential Internet access service) ("@Home") constitutes a Cable Service within the meaning of §32.4 of this Franchise and that Gross Revenues received by the Grantee or any other Cable Operator of the Cable System from the provision of @Home service shall be subject to the payment of franchise fees, unless and until the FCC by final order, or a court of competent jurisdiction, rendering a judgment enforceable in San Francisco, finds that residential Internet access service provided over a Cable System is not a "Cable Service" and

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the order or judgment becomes final because a court of competent jurisdiction lets stand or
affirms such order or judgment and any time for appeal or review of such order or judgment
passes.

Section 16. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
is hereby amended by amending Section 32.18 to read as follows:

32.18 "Rebuild" or "Rebuilt System" shall mean replacement, upgrade or enhancement
of any portion of the facilities installed by the Grantee (with) to achieve a signal transmission
capacity at or exceeding (550) MHz.

Section 17. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is
hereby amended by adding Sections 32.22 through 32.24 to read as follows:

32.22 "Effective Date" shall mean the effective date of an enactment of the San
Francisco Board of Supervisors approving the Rebuild Ordinance.

32.23 "Rebuild Ordinance" shall mean the Ordinance adopted by the San Francisco
Board of Supervisors in Board File No. 990376.

32.24 "Comparable" shall mean equivalent to features found in three (3) of five (5)
Sample Cable Systems at any time between January 1, 1999 and December 31, 2001. The
Rebuilt System shall be Comparable to the Sample Cable Systems if it provides substantially
equivalent: range of services; fiber-to-the feeder trunk and feeder design architecture; and
stand-by powering of the headend, nodes, and the coaxial portion of the system. The Sample
Cable Systems shall be selected by the City from a list of all of the cable systems with more
than 140,000 subscribers as of the Effective Date of the Rebuild Ordinance that are owned or

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controlled by AT&T or TCI. Grantee shall provide such a list to City within thirty (30) days of
the Effective Date of the Rebuild Ordinance. City shall select five cable systems from the list
("Sample Cable Systems") within ninety (90) days of receipt of the list and shall provide
Grantee written notice of its selection.

ACKNOWLEDGED AND AGREED TO BY THE PARTIES:

CITY & COUNTY OF SAN FRANCISCO:

Approved By:  

JULIA M.C. FRIEDLANDER, Director,  
Department of Telecommunications and
Information Services  

Date: 8/2/99

Approved as to form:

LOUISE H. RENNE, City Attorney

Deputy City Attorney  

Date: 7/28/99

TELEVISION SIGNAL CORPORATION:

Signature  

Name: John Kopchik  
Title: President  

Address: 12647 Alcosta Blvd #200  
San Ramon, CA 94583

Date: 7/30/99

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Ordinance amending Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97, by amending Section 25 regarding grantee's rebuild of the San Francisco Cable System, by amending definitions in Sections 32.10, and 32.18, and by adding Sections 31(i), 31(j), 32.22, 32.23, and 32.24.

July 12, 1999 Board of Supervisors — CALLED FROM COMMITTEE: Board of Supervisors
July 26, 1999 Board of Supervisors — NOT AMENDED
   Ayes: 3 - Ammiano, Leno, Yee
   Noes: 8 - Becerril, Bierman, Brown, Katz, Kaufman, Newsom, Teng, Yaki

July 26, 1999 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE
   Ayes: 7 - Becerril, Brown, Katz, Kaufman, Newsom, Teng, Yaki
   Noes: 4 - Ammiano, Bierman, Leno, Yee

July 26, 1999 Board of Supervisors — PASSED ON FIRST READING AS AMENDED
   Ayes: 9 - Leno, Newsom, Teng, Yaki, Becerril, Bierman, Brown, Katz, Kaufman
   Noes: 2 - Yee, Ammiano

August 2, 1999 Board of Supervisors — FINALLY PASSED
   Ayes: 8 - Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Yaki
   Noes: 2 - Ammiano, Yee
   Absent: 1 - Teng
I hereby certify that the foregoing Ordinance was FINALLY PASSED on August 2, 1999 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Mayor Willie L. Brown Jr.